

Message Text

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12

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-03

SIL-01 DOTE-00 PA-02 PRS-01 USIA-15 /096 W

----- 117750

R 150911Z NOV 74

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6291

INFO AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMEMBASSY BRUSSELS

UNCLAS BONN 17885

E.O. 11652: N/A

TAGS: EFIN, EINV, GV

BRUSSELS FOR FAGAN

SUBJECT: VOLKSWAGEN INVESTMENT IN THE UNITED STATES

REF: BONN 14236

EMBASSY'S PRINCIPAL CONTACT AT VW, CHAIRMAN OF THE SUPERVISORY BOARD, DR. JOSEF RUST, RECENTLY RESIGNED FROM THE POSITION OF CHAIRMAN, BUT REMAINED A MEMBER OF THE SUPERVISORY BOARD.

VARIOUS PRESS REPORTS ATTRIBUTE HIS RESIGNATION TO PRESSURE FROM THE CHANCELLOR BECAUSE OF THE SERIOUS LOSSES SUFFERED BY VDLKSWAGEN AHD ALSO BECAUSE DR. RUST'S REPUTATION WAS DAMAGED THROUGH THE BANKRUPTCY OF STUMM A.G., A LARGE GERMAN COMPANY. DR. RUST ALSO WAS CHAIRMAN OF THE SUPERVISORY BOARD OF THAT COMPANY.

DR. RUST WAS SUCCEDED BY MR. HANS BIRNBAUM AS CHAIRMAN OF THE VW SUPERVISORY BOARD. THE GERMAN PRESS REPORTS
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THAT MR. BIRNBAUM WAS HAND-PICKED BY CHANCELLOR SCHMIDT

IN SPITE OF THE FACT THAT HE LIKE DR. RUST HAS CLOSE
CDU CONNECTIONS. MR. BIRNBAUM HAD BEEN SUCCESSFUL
IN SALVAGING SALZGITTER A.G., A VERY LARGE GOVERNMENT
OWNED GERMAN FIRM WHICH HAD FACED BANKRUPTCY A FEW
YEARS AGO.

AN EMBASSY REPRESENTATIVE PHONED DR. RUST NOVEMBER 13
AND INQUIRED ABOUT THE LATEST STATUS OF VW US INVEST-
MENT. DR. RUST PROMISED MORE DETAILED INFORMATION ON
THAT SUBJECT DURING HIS NEXT VISIT TO BONN, WHICH IS
EXPECTED WITHIN A FEW WEEKS. HE SAID, HOWEVER THAT THE
MANAGEMENT OF VW HAD NOT COMPLETED THE FEASIBILITY STUDY
ON VW INVESTMENT IN US AND THAT IT WAS ABSOLUTELY CER-
TAINTY THAT NOT EVEN A PRELIMINARY DECISION ON US VW
INVESTMENT WOULD BE MADE THIS YEAR. HE ALSO SAID THAT
HIS BEST ESTIMATE WOULD BE THAT THE SUPERVISORY BOARD
WOULD NOT BE READY FOR EVEN A PRELIMINARY DECISION AT
THEIR SUPERVISORY BOARD OF DIRECTORS MEETING JANUARY 30,
1975. HE ALSO INDICATED THAT PRESSURE IN
OPPOSITION TO US VW INVESTMENT BY THE LABOR UNIONS
WAS INCREASING.
HILLENBRAND

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